

ASSEMBLY BILL

No. 1298

Introduced by Assembly Member Jones

February 23, 2007

An act to amend Sections 56.06, 1785.11.2, 1798.29, and 1798.82 of the Civil Code, relating to personal information.

LEGISLATIVE COUNSEL'S DIGEST

AB 1298, as introduced, Jones. Personal information: disclosure.

(1) The Confidentiality of Medical Information Act prohibits a provider of health care, a health care service plan, contractor, or corporation and its subsidiaries and affiliates from intentionally sharing, selling, using for marketing, or otherwise using any medical information, as defined, for any purpose not necessary to provide health care services to a patient, except as expressly authorized by the patient, enrollee, or subscriber, as specified, or as otherwise required or authorized by law. The act includes within the definition of “provider of health care,” any corporation organized for the primary purpose of maintaining medical information for treatment or diagnosis, as specified.

Violations of those provisions are subject to a civil action for compensatory and punitive damages, and, if a violation results in economic loss or personal injury to a patient, it is punishable as a misdemeanor.

This bill would apply the prohibitions of the Confidentiality of Medical Information Act to any corporation organized for the purpose of maintaining medical information for treatment or diagnosis. By expanding an existing crime, this bill would impose a state-mandated local program.

(2) Existing state and federal law define and regulate consumer credit reports. Existing state law permits a consumer to place a security freeze on his or her credit report by making a request in writing, which results in the placement of a notice in the consumer's credit report that, subject to certain exceptions, prohibits the consumer credit reporting agency from releasing the consumer's credit report or any information from it without the express authorization of the consumer.

This bill would, regardless of the existence of a security freeze, permit a consumer reporting agency to disclose public record information lawfully obtained from an open public record to the extent otherwise permitted by law. The bill would specify that these provisions do not prohibit the consumer reporting agency from electing to apply a valid security freeze to the entire contents of a credit report.

(3) Existing law requires any agency, and any person or business conducting business in California, that owns or licenses computerized data that includes personal information to disclose any breach of the security of the system, following discovery or notification of the security breach, to any resident of California whose unencrypted personal information was, or is reasonably believed to have been, acquired by an unauthorized person. Existing law defines "personal information," for the purposes of these provisions, to mean an individual's first name or first initial and last name in combination with specified data elements, when either the name or the data elements are not encrypted.

This bill would add medical information and health insurance information, as defined, to the data elements that, when combined with the individual's name as described above, would constitute personal information that would require disclosure when acquired, or believed to be acquired, by an unauthorized person due to a security breach.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 56.06 of the Civil Code is amended to
2 read:

1 56.06. (a) Any corporation organized for the ~~primary~~ purpose
2 of maintaining medical information in order to make the
3 information available to the patient or to a provider of health care
4 at the request of the patient or a provider of health care, for
5 purposes of diagnosis or treatment of the patient, shall be deemed
6 to be a provider of health care subject to the requirements of this
7 part. However, nothing in this section shall be construed to make
8 a corporation specified in this subdivision a provider of health care
9 for purposes of any law other than this part, including laws that
10 specifically incorporate by reference the definitions of this part.

11 (b) Any corporation described in subdivision (a) shall maintain
12 the same standards of confidentiality required of a provider of
13 health care with respect to medical information disclosed to the
14 corporation.

15 (c) Any corporation described in subdivision (a) shall be subject
16 to the penalties for improper use and disclosure of medical
17 information prescribed in this part.

18 SEC. 2. Section 1785.11.2 of the Civil Code is amended to
19 read:

20 1785.11.2. (a) A consumer may elect to place a security freeze
21 on his or her credit report by making a request in writing by
22 certified mail to a consumer credit reporting agency. "Security
23 freeze" means a notice placed in a consumer's credit report, at the
24 request of the consumer and subject to certain exceptions, that
25 prohibits the consumer credit reporting agency from releasing the
26 consumer's credit report or any information from it without the
27 express authorization of the consumer. If a security freeze is in
28 place, information from a consumer's credit report may not be
29 released to a third party without prior express authorization from
30 the consumer. This subdivision does not prevent a consumer credit
31 reporting agency from advising a third party that a security freeze
32 is in effect with respect to the consumer's credit report.

33 (b) A consumer credit reporting agency shall place a security
34 freeze on a consumer's credit report no later than five business
35 days after receiving a written request from the consumer.

36 (c) The consumer credit reporting agency shall send a written
37 confirmation of the security freeze to the consumer within 10
38 business days and shall provide the consumer with a unique
39 personal identification number or password to be used by the

1 consumer when providing authorization for the release of his or
2 her credit for a specific party or period of time.

3 (d) If the consumer wishes to allow his or her credit report to
4 be accessed for a specific party or period of time while a freeze is
5 in place, he or she shall contact the consumer credit reporting
6 agency, request that the freeze be temporarily lifted, and provide
7 the following:

8 (1) Proper identification, as defined in subdivision (c) of Section
9 1785.15.

10 (2) The unique personal identification number or password
11 provided by the credit reporting agency pursuant to subdivision
12 (c).

13 (3) The proper information regarding the third party who is to
14 receive the credit report or the time period for which the report
15 shall be available to users of the credit report.

16 (e) A consumer credit reporting agency that receives a request
17 from a consumer to temporarily lift a freeze on a credit report
18 pursuant to subdivision (d), shall comply with the request no later
19 than three business days after receiving the request.

20 (f) A consumer credit reporting agency may develop procedures
21 involving the use of telephone, fax, the Internet, or other electronic
22 media to receive and process a request from a consumer to
23 temporarily lift a freeze on a credit report pursuant to subdivision
24 (d) in an expedited manner.

25 (g) A consumer credit reporting agency shall remove or
26 temporarily lift a freeze placed on a consumer's credit report only
27 in the following cases:

28 (1) Upon consumer request, pursuant to subdivision (d) or (j).

29 (2) If the consumer's credit report was frozen due to a material
30 misrepresentation of fact by the consumer. If a consumer credit
31 reporting agency intends to remove a freeze upon a consumer's
32 credit report pursuant to this paragraph, the consumer credit
33 reporting agency shall notify the consumer in writing prior to
34 removing the freeze on the consumer's credit report.

35 (h) If a third party requests access to a consumer credit report
36 on which a security freeze is in effect, and this request is in
37 connection with an application for credit or any other use, and the
38 consumer does not allow his or her credit report to be accessed for
39 that specific party or period of time, the third party may treat the
40 application as incomplete.

1 (i) If a consumer requests a security freeze, the consumer credit
2 reporting agency shall disclose the process of placing and
3 temporarily lifting a freeze, and the process for allowing access
4 to information from the consumer's credit report for a specific
5 party or period of time while the freeze is in place.

6 (j) A security freeze shall remain in place until the consumer
7 requests that the security freeze be removed. A consumer credit
8 reporting agency shall remove a security freeze within three
9 business days of receiving a request for removal from the
10 consumer, who provides both of the following:

11 (1) Proper identification, as defined in subdivision (c) of Section
12 1785.15.

13 (2) The unique personal identification number or password
14 provided by the credit reporting agency pursuant to subdivision
15 (c).

16 (k) A consumer credit reporting agency shall require proper
17 identification, as defined in subdivision (c) of Section 1785.15, of
18 the person making a request to place or remove a security freeze.

19 (l) The provisions of this section do not apply to the use of a
20 consumer credit report by any of the following:

21 (1) A person or entity, or a subsidiary, affiliate, or agent of that
22 person or entity, or an assignee of a financial obligation owing by
23 the consumer to that person or entity, or a prospective assignee of
24 a financial obligation owing by the consumer to that person or
25 entity in conjunction with the proposed purchase of the financial
26 obligation, with which the consumer has or had prior to assignment
27 an account or contract, including a demand deposit account, or to
28 whom the consumer issued a negotiable instrument, for the
29 purposes of reviewing the account or collecting the financial
30 obligation owing for the account, contract, or negotiable
31 instrument. For purposes of this paragraph, "reviewing the account"
32 includes activities related to account maintenance, monitoring,
33 credit line increases, and account upgrades and enhancements.

34 (2) A subsidiary, affiliate, agent, assignee, or prospective
35 assignee of a person to whom access has been granted under
36 subdivision (d) of Section 1785.11.2 for purposes of facilitating
37 the extension of credit or other permissible use.

38 (3) Any state or local agency, law enforcement agency, trial
39 court, or private collection agency acting pursuant to a court order,
40 warrant, or subpoena.

1 (4) A child support agency acting pursuant to Chapter 2 of
2 Division 17 of the Family Code or Title IV-D of the Social Security
3 Act (42 U.S.C. et seq.).

4 (5) The State Department of Health Services or its agents or
5 assigns acting to investigate Medi-Cal fraud.

6 (6) The Franchise Tax Board or its agents or assigns acting to
7 investigate or collect delinquent taxes or unpaid court orders or to
8 fulfill any of its other statutory responsibilities.

9 (7) The use of credit information for the purposes of
10 prescreening as provided for by the federal Fair Credit Reporting
11 Act.

12 (8) Any person or entity administering a credit file monitoring
13 subscription service to which the consumer has subscribed.

14 (9) Any person or entity for the purpose of providing a consumer
15 with a copy of his or her credit report upon the consumer's request.

16 (m) This act does not prevent a consumer credit reporting agency
17 from charging a fee of no more than ten dollars (\$10) to a consumer
18 for each freeze, removal of the freeze, or temporary lift of the
19 freeze for a period of time, or a fee of no more than twelve dollars
20 (\$12) for a temporary lift of a freeze for a specific party, regarding
21 access to a consumer credit report, except that a consumer credit
22 reporting agency may not charge a fee to a victim of identity theft
23 who has submitted a valid police report or valid Department of
24 Motor Vehicles investigative report that alleges a violation of
25 Section 530.5 of the Penal Code.

26 *(n) Regardless of the existence of a security freeze, a consumer*
27 *reporting agency may disclose public record information lawfully*
28 *obtained by, or for, the consumer reporting agency from an open*
29 *public record to the extent otherwise permitted by law. This*
30 *subdivision does not prohibit a consumer reporting agency from*
31 *electing to apply a valid security freeze to the entire contents of a*
32 *credit report.*

33 SEC. 3. Section 1798.29 of the Civil Code, as added by Section
34 2 of Chapter 915 of the Statutes of 2002, is amended to read:

35 1798.29. (a) Any agency that owns or licenses computerized
36 data that includes personal information shall disclose any breach
37 of the security of the system following discovery or notification
38 of the breach in the security of the data to any resident of California
39 whose unencrypted personal information was, or is reasonably
40 believed to have been, acquired by an unauthorized person. The

1 disclosure shall be made in the most expedient time possible and
2 without unreasonable delay, consistent with the legitimate needs
3 of law enforcement, as provided in subdivision (c), or any measures
4 necessary to determine the scope of the breach and restore the
5 reasonable integrity of the data system.

6 (b) Any agency that maintains computerized data that includes
7 personal information that the agency does not own shall notify the
8 owner or licensee of the information of any breach of the security
9 of the data immediately following discovery, if the personal
10 information was, or is reasonably believed to have been, acquired
11 by an unauthorized person.

12 (c) The notification required by this section may be delayed if
13 a law enforcement agency determines that the notification will
14 impede a criminal investigation. The notification required by this
15 section shall be made after the law enforcement agency determines
16 that it will not compromise the investigation.

17 (d) For purposes of this section, “breach of the security of the
18 system” means unauthorized acquisition of computerized data that
19 compromises the security, confidentiality, or integrity of personal
20 information maintained by the agency. Good faith acquisition of
21 personal information by an employee or agent of the agency for
22 the purposes of the agency is not a breach of the security of the
23 system, provided that the personal information is not used or
24 subject to further unauthorized disclosure.

25 (e) For purposes of this section, “personal information” means
26 an individual’s first name or first initial and last name in
27 combination with any one or more of the following data elements,
28 when either the name or the data elements are not encrypted:

29 (1) Social security number.

30 (2) Driver’s license number or California Identification Card
31 number.

32 (3) Account number, credit or debit card number, in combination
33 with any required security code, access code, or password that
34 would permit access to an individual’s financial account.

35 (4) *Medical information.*

36 (5) *Health insurance information.*

37 (f) (1) For purposes of this section, “personal information” does
38 not include publicly available information that is lawfully made
39 available to the general public from federal, state, or local
40 government records.

1 (2) *For purposes of this section, “medical information” means*
2 *any information regarding an individual’s medical history, or*
3 *medical treatment or diagnosis by a health care professional.*

4 (3) *For purposes of this section, “health insurance information”*
5 *means an individual’s health insurance policy number or*
6 *subscriber identification number; or any unique identifier used by*
7 *a health insurer to identify the individual.*

8 (g) For purposes of this section, “notice” may be provided by
9 one of the following methods:

10 (1) Written notice.

11 (2) Electronic notice, if the notice provided is consistent with
12 the provisions regarding electronic records and signatures set forth
13 in Section 7001 of Title 15 of the United States Code.

14 (3) Substitute notice, if the agency demonstrates that the cost
15 of providing notice would exceed two hundred fifty thousand
16 dollars (\$250,000), or that the affected class of subject persons to
17 be notified exceeds 500,000, or the agency does not have sufficient
18 contact information. Substitute notice shall consist of all of the
19 following:

20 (A) E-mail notice when the agency has an e-mail address for
21 the subject persons.

22 (B) Conspicuous posting of the notice on the agency’s Web site
23 page, if the agency maintains one.

24 (C) Notification to major statewide media.

25 (h) Notwithstanding subdivision (g), an agency that maintains
26 its own notification procedures as part of an information security
27 policy for the treatment of personal information and is otherwise
28 consistent with the timing requirements of this part shall be deemed
29 to be in compliance with the notification requirements of this
30 section if it notifies subject persons in accordance with its policies
31 in the event of a breach of security of the system.

32 SEC. 4. Section 1798.29 of the Civil Code, as added by Section
33 2 of Chapter 1054 of the Statutes of 2002, is amended to read:

34 1798.29. (a) Any agency that owns or licenses computerized
35 data that includes personal information shall disclose any breach
36 of the security of the system following discovery or notification
37 of the breach in the security of the data to any resident of California
38 whose unencrypted personal information was, or is reasonably
39 believed to have been, acquired by an unauthorized person. The
40 disclosure shall be made in the most expedient time possible and

1 without unreasonable delay, consistent with the legitimate needs
2 of law enforcement, as provided in subdivision (c), or any measures
3 necessary to determine the scope of the breach and restore the
4 reasonable integrity of the data system.

5 (b) Any agency that maintains computerized data that includes
6 personal information that the agency does not own shall notify the
7 owner or licensee of the information of any breach of the security
8 of the data immediately following discovery, if the personal
9 information was, or is reasonably believed to have been, acquired
10 by an unauthorized person.

11 (c) The notification required by this section may be delayed if
12 a law enforcement agency determines that the notification will
13 impede a criminal investigation. The notification required by this
14 section shall be made after the law enforcement agency determines
15 that it will not compromise the investigation.

16 (d) For purposes of this section, “breach of the security of the
17 system” means unauthorized acquisition of computerized data that
18 compromises the security, confidentiality, or integrity of personal
19 information maintained by the agency. Good faith acquisition of
20 personal information by an employee or agent of the agency for
21 the purposes of the agency is not a breach of the security of the
22 system, provided that the personal information is not used or
23 subject to further unauthorized disclosure.

24 (e) For purposes of this section, “personal information” means
25 an individual’s first name or first initial and last name in
26 combination with any one or more of the following data elements,
27 when either the name or the data elements are not encrypted:

28 (1) Social security number.

29 (2) Driver’s license number or California Identification Card
30 number.

31 (3) Account number, credit or debit card number, in combination
32 with any required security code, access code, or password that
33 would permit access to an individual’s financial account.

34 (4) *Medical information.*

35 (5) *Health insurance information.*

36 (f) (1) For purposes of this section, “personal information” does
37 not include publicly available information that is lawfully made
38 available to the general public from federal, state, or local
39 government records.

1 (2) *For purposes of this section, “medical information” means*
2 *any information regarding an individual’s medical history, or*
3 *medical treatment or diagnosis by a health care professional.*

4 (3) *For purposes of this section, “health insurance information”*
5 *means an individual’s health insurance policy number or*
6 *subscriber identification number; or any unique identifier used by*
7 *a health insurer to identify the individual.*

8 (g) For purposes of this section, “notice” may be provided by
9 one of the following methods:

10 (1) Written notice.

11 (2) Electronic notice, if the notice provided is consistent with
12 the provisions regarding electronic records and signatures set forth
13 in Section 7001 of Title 15 of the United States Code.

14 (3) Substitute notice, if the agency demonstrates that the cost
15 of providing notice would exceed two hundred fifty thousand
16 dollars (\$250,000), or that the affected class of subject persons to
17 be notified exceeds 500,000, or the agency does not have sufficient
18 contact information. Substitute notice shall consist of all of the
19 following:

20 (A) E-mail notice when the agency has an e-mail address for
21 the subject persons.

22 (B) Conspicuous posting of the notice on the agency’s Web site
23 page, if the agency maintains one.

24 (C) Notification to major statewide media.

25 (h) Notwithstanding subdivision (g), an agency that maintains
26 its own notification procedures as part of an information security
27 policy for the treatment of personal information and is otherwise
28 consistent with the timing requirements of this part shall be deemed
29 to be in compliance with the notification requirements of this
30 section if it notifies subject persons in accordance with its policies
31 in the event of a breach of security of the system.

32 SEC. 5. Section 1798.82 of the Civil Code, as added by Section
33 4 of Chapter 915 of the Statutes of 2002, is amended to read:

34 1798.82. (a) Any person or business that conducts business
35 in California, and that owns or licenses computerized data that
36 includes personal information, shall disclose any breach of the
37 security of the system following discovery or notification of the
38 breach in the security of the data to any resident of California
39 whose unencrypted personal information was, or is reasonably
40 believed to have been, acquired by an unauthorized person. The

1 disclosure shall be made in the most expedient time possible and
2 without unreasonable delay, consistent with the legitimate needs
3 of law enforcement, as provided in subdivision (c), or any measures
4 necessary to determine the scope of the breach and restore the
5 reasonable integrity of the data system.

6 (b) Any person or business that maintains computerized data
7 that includes personal information that the person or business does
8 not own shall notify the owner or licensee of the information of
9 any breach of the security of the data immediately following
10 discovery, if the personal information was, or is reasonably
11 believed to have been, acquired by an unauthorized person.

12 (c) The notification required by this section may be delayed if
13 a law enforcement agency determines that the notification will
14 impede a criminal investigation. The notification required by this
15 section shall be made after the law enforcement agency determines
16 that it will not compromise the investigation.

17 (d) For purposes of this section, “breach of the security of the
18 system” means unauthorized acquisition of computerized data that
19 compromises the security, confidentiality, or integrity of personal
20 information maintained by the person or business. Good faith
21 acquisition of personal information by an employee or agent of
22 the person or business for the purposes of the person or business
23 is not a breach of the security of the system, provided that the
24 personal information is not used or subject to further unauthorized
25 disclosure.

26 (e) For purposes of this section, “personal information” means
27 an individual’s first name or first initial and last name in
28 combination with any one or more of the following data elements,
29 when either the name or the data elements are not encrypted:

30 (1) Social security number.

31 (2) Driver’s license number or California Identification Card
32 number.

33 (3) Account number, credit or debit card number, in combination
34 with any required security code, access code, or password that
35 would permit access to an individual’s financial account.

36 (4) *Medical information.*

37 (5) *Health insurance information.*

38 (f) (1) For purposes of this section, “personal information” does
39 not include publicly available information that is lawfully made

1 available to the general public from federal, state, or local
2 government records.

3 (2) *For purposes of this section, “medical information” means*
4 *any information regarding an individual’s medical history, or*
5 *medical treatment or diagnosis by a health care professional.*

6 (3) *For purposes of this section, “health insurance information”*
7 *means an individual’s health insurance policy number or*
8 *subscriber identification number, or any unique identifier used by*
9 *a health insurer to identify the individual.*

10 (g) For purposes of this section, “notice” may be provided by
11 one of the following methods:

12 (1) Written notice.

13 (2) Electronic notice, if the notice provided is consistent with
14 the provisions regarding electronic records and signatures set forth
15 in Section 7001 of Title 15 of the United States Code.

16 (3) Substitute notice, if the person or business demonstrates that
17 the cost of providing notice would exceed two hundred fifty
18 thousand dollars (\$250,000), or that the affected class of subject
19 persons to be notified exceeds 500,000, or the person or business
20 does not have sufficient contact information. Substitute notice
21 shall consist of all of the following:

22 (A) E-mail notice when the person or business has an e-mail
23 address for the subject persons.

24 (B) Conspicuous posting of the notice on the Web site page of
25 the person or business, if the person or business maintains one.

26 (C) Notification to major statewide media.

27 (h) Notwithstanding subdivision (g), a person or business that
28 maintains its own notification procedures as part of an information
29 security policy for the treatment of personal information and is
30 otherwise consistent with the timing requirements of this part, shall
31 be deemed to be in compliance with the notification requirements
32 of this section if the person or business notifies subject persons in
33 accordance with its policies in the event of a breach of security of
34 the system.

35 SEC. 6. Section 1798.82 of the Civil Code, as added by Section
36 4 of Chapter 1054 of the Statutes of 2002, is amended to read:

37 1798.82. (a) Any person or business that conducts business
38 in California, and that owns or licenses computerized data that
39 includes personal information, shall disclose any breach of the
40 security of the system following discovery or notification of the

1 breach in the security of the data to any resident of California
2 whose unencrypted personal information was, or is reasonably
3 believed to have been, acquired by an unauthorized person. The
4 disclosure shall be made in the most expedient time possible and
5 without unreasonable delay, consistent with the legitimate needs
6 of law enforcement, as provided in subdivision (c), or any measures
7 necessary to determine the scope of the breach and restore the
8 reasonable integrity of the data system.

9 (b) Any person or business that maintains computerized data
10 that includes personal information that the person or business does
11 not own shall notify the owner or licensee of the information of
12 any breach of the security of the data immediately following
13 discovery, if the personal information was, or is reasonably
14 believed to have been, acquired by an unauthorized person.

15 (c) The notification required by this section may be delayed if
16 a law enforcement agency determines that the notification will
17 impede a criminal investigation. The notification required by this
18 section shall be made after the law enforcement agency determines
19 that it will not compromise the investigation.

20 (d) For purposes of this section, “breach of the security of the
21 system” means unauthorized acquisition of computerized data that
22 compromises the security, confidentiality, or integrity of personal
23 information maintained by the person or business. Good faith
24 acquisition of personal information by an employee or agent of
25 the person or business for the purposes of the person or business
26 is not a breach of the security of the system, provided that the
27 personal information is not used or subject to further unauthorized
28 disclosure.

29 (e) For purposes of this section, “personal information” means
30 an individual’s first name or first initial and last name in
31 combination with any one or more of the following data elements,
32 when either the name or the data elements are not encrypted:

33 (1) Social security number.

34 (2) Driver’s license number or California Identification Card
35 number.

36 (3) Account number, credit or debit card number, in combination
37 with any required security code, access code, or password that
38 would permit access to an individual’s financial account.

39 (4) *Medical information.*

40 (5) *Health insurance information.*

(f) (1) For purposes of this section, “personal information” does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

(2) *For purposes of this section, “medical information” means any information regarding an individual’s medical history, or medical treatment or diagnosis by a health care professional.*

(3) *For purposes of this section, “health insurance information” means an individual’s health insurance policy number or subscriber identification number, or any unique identifier used by a health insurer to identify the individual.*

(g) For purposes of this section, “notice” may be provided by one of the following methods:

(1) Written notice.

(2) Electronic notice, if the notice provided is consistent with the provisions regarding electronic records and signatures set forth in Section 7001 of Title 15 of the United States Code.

(3) Substitute notice, if the person or business demonstrates that the cost of providing notice would exceed two hundred fifty thousand dollars (\$250,000), or that the affected class of subject persons to be notified exceeds 500,000, or the person or business does not have sufficient contact information. Substitute notice shall consist of all of the following:

(A) E-mail notice when the person or business has an e-mail address for the subject persons.

(B) Conspicuous posting of the notice on the Web site page of the person or business, if the person or business maintains one.

(C) Notification to major statewide media.

(h) Notwithstanding subdivision (g), a person or business that maintains its own notification procedures as part of an information security policy for the treatment of personal information and is otherwise consistent with the timing requirements of this part, shall be deemed to be in compliance with the notification requirements of this section if the person or business notifies subject persons in accordance with its policies in the event of a breach of security of the system.

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or

1 infraction, eliminates a crime or infraction, or changes the penalty
2 for a crime or infraction, within the meaning of Section 17556 of
3 the Government Code, or changes the definition of a crime within
4 the meaning of Section 6 of Article XIII B of the California
5 Constitution.

O